Advertising/Promotion

NMRI

Fred Meyer Is Top Local-TV Spender

NEW YORK—The 1981 figures, just released by the Television Advertising Bureau of Advertising (TvB), show Fred Meyer jumping to the top of the charts as the discounter with the biggest local television ad expenditures in a single market.

In its home base of Portland, the chain's 45% increase in TV ad spending over 1980 put its TV budget close to $2 million. Fred Meyer's expenditures in Portland were slightly ahead of Gemco's and Zodys' in Los Angeles which ranked second and third respectively.

In 1980 the top local advertiser in a single market was FedMart in Los Angeles.

The TvB based its top 15 listing on data supplied by Broadcast Advertisers Reports. The BAR data is based on local television monitoring for one randomly selected week each month. The markets treated as exceptions are New York, Chicago and Los Angeles which are monitored full-time.

A spokesman for CB&S, Fred Meyer's in-house advertising agency, credits its more aggressive approach in going after TV co-op ad dollars for its surge in local spending last year.

The chain's co-op program, called the Ads Plus Program, was started about a year ago and is aimed specifically at beefing up co-op participation in both broadcast media.

The chain's spokesman noted, however, that despite its rise to the No. 1 rank in a single market, Fred Meyer's total advertising program is still overwhelmingly print-oriented. A goal of the Ads Plus Program is to increase the broadcast share. Broadcast ads now represent less than 10% of the total ad budget; most of that goes to television.

The TvB's listing of the top 15 also demonstrates, once again, the competitive heat among the Los Angeles discount chains. The big spending by Gemco, Zodys, FedMart and The Akron is a byproducts of this competition. The size of the market makes television an efficient medium for the chains.

Last year, Gemco and Zodys increased their TV spending in this market by 38% and 30% respectively. FedMart stayed in the top 15 even though its expenditures decreased by 5% in 1981 and 54% in 1980. The chain's $1.6 million outlay in 1981, still a big-budget program, was less than half the $3.7 million it spent in 1979.

The Akron's 1981 spending decreased by 34%; but 1981 followed a year in which TV ad dollars shot ahead by 312%.

In the New York Metropolitan Area, it is ironic that the biggest spender was Two Guys. The chain wasn't among the top 15 in 1980. Evidently, it took the advertising for its going-out-of-business sales in the area to put Two Guys on the top 15 chart.

Advertising Upped

Fortunoff's 74% increase in 1981 was largely due to its efforts to lure more affluent Manhattanites to its relatively new Fifth Avenue location.

Wal-Mart made the top 15 list two years running with its big TV budgets in the St. Louis and Dallas markets. The chain increased its TV spending in St. Louis by 74% in 1980; by 10% in 1981. In Dallas, TV spending jumped by 75% in 1980; by 26% in 1981.

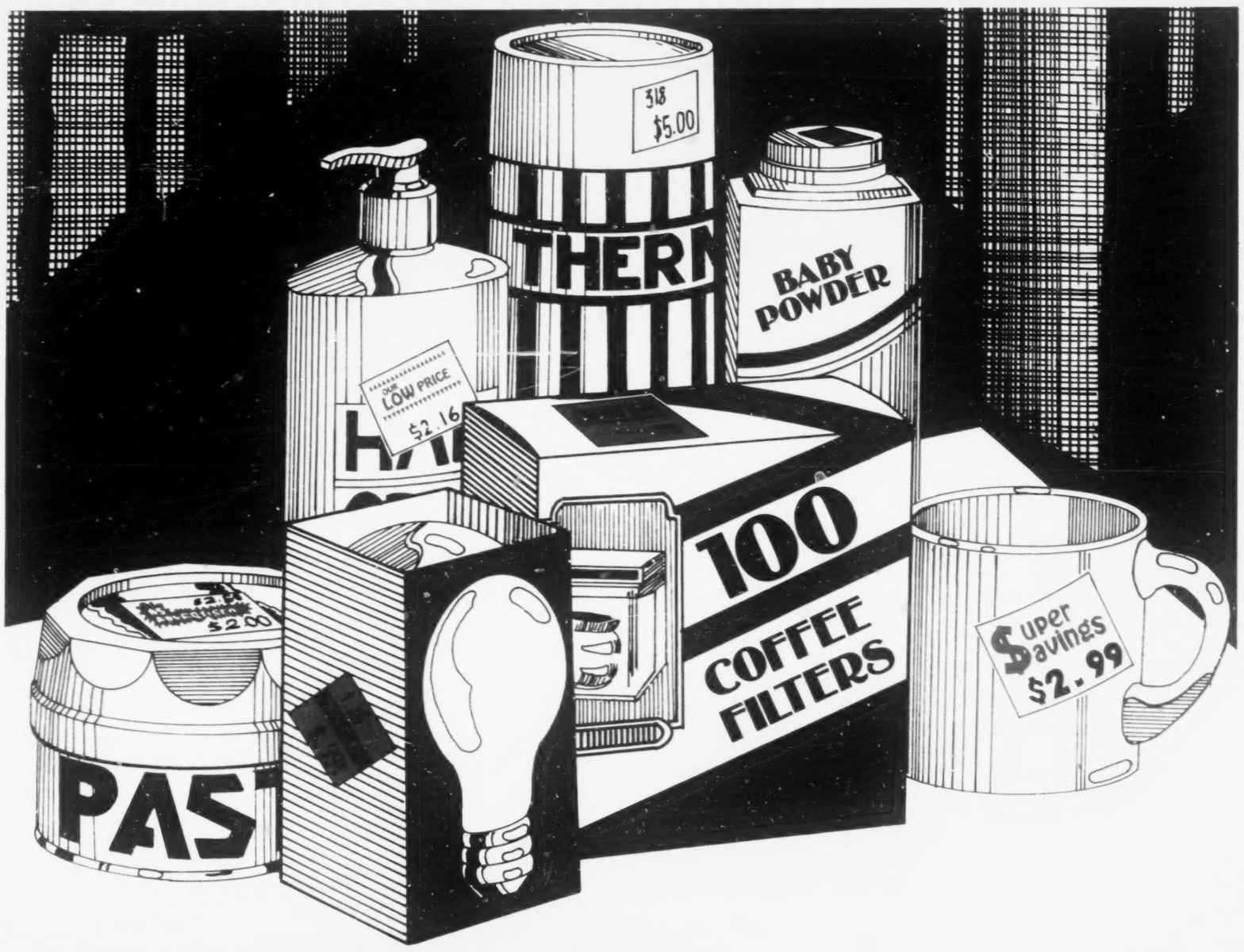
Roger McNitt, advertising coordinator for Wal-Mart, explained those big jumps: two years ago, very little TV advertising was

(Continued on page 158)

Top 15 Discount Chains: Local TV Advertisers in a Single Market*

Chain	Market	1979	1980	1981	% Change 1980-81	1981 Ranking
Fred Meyer	Portland	$1,172,000	$1,336,800	$1,932,800	+45	1
Gemco	Los Angeles	1,406.300	1,381,100	1,909,600	+38	2
Zodys	Los Angeles	1,334,800	1,371,600	1,786,400	+30	3
FedMart	Los Angeles	3,674,200	1,680,400	1,591,700	− 5	4
The Akron	Los Angeles	349,700	1,439,400	945,500	−34	15
Two Guys	New York	2,234,000	1,233,300	1,337,600	+ 8	5
Fortunoff	New York	—	589,700	1,025,500	+74	13
Wal-Mart	St. Louis	638,200	1,237,700	1,367,400	+10	6
Richway	Atlanta	1,189,100	1,251,100	1,325,600	+ 6	7
Wal-Mart	Dallas	593,500	1,040,900	1,315,300	+26	8
Gemco	San Francisco	—	870,400	1,174,800	+35	9
Lechmere	Boston	—	690,800	1,164,800	+69	10
Marshalls	Boston	—	724,500	1,036,400	+43	12
Bradlees	Boston	—	548,800	973,800	+77	14
Venture	Chicago	—	635,200	1,161,500	+83	11

*National chains (K mart and Woolco, for example) aren't included. Most co-op activity is credited by BAR to the manufacturer and not to the chain advertisers.
Source: Television Bureau of Advertising based on Broadcast Advertisers Reports (BAR) figures.



WHERE ARE THE BARGAINS?

Your cost-conscious customers know.

Monarch promotional labels create an atmosphere of bargains in your store. Boldly colored and uniquely designed, they focus customer attention on the items you want to move.

You can spotlight special deals . . . promote everyday merchandise — that is often bargain-priced, but not reduced. Monarch promotional labels help build a value image for your store — while increasing merchandise movement.

You know a good buy and so do your customers. Be sure to promote your value-plus merchandise with attention-getting Monarch promo labels. They'll direct your customers to the bargains. For more information, write Monarch Marking, Dept. #941, P.O. Box #608, Dayton, Ohio 45401.

CALL TOLL FREE: 800-543-6650
(In Ohio, call 800-762-6600)
Phone lines open 7 A.M. 'til Midnight, Eastern Time, Monday thru Friday.

Monarch Marking
A Pitney Bowes Company

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GET READY FOR
SUMMER
SALE
Soak up more sunshine in Finkel Take-It-Easy® Flexaire® lawn furniture. 20.00 to 40.00 off!
64.99 149.99

Bradlees Goes on Location To Shoot Upscale Circular

BRAINTREE, Mass.—Bradlees isn't shy about asserting it's after a leadership look in its circulars, its most important advertising medium.

The chain has been using a number of strategies, designed to give the circulars more of an upscale, department store type presentation, for awhile.

The latest of those strategies is to go on location for the production of its ads.

For instance, for its Get Ready For Summer Sale circular (above), Bradlees picked up a lawn furniture group, plus models and moved the whole works to a beach-front patio for shooting. The resulting on-location photography was complete with surf, sand and a couple enjoying it all with tall, cold drinks.

The same circular showed a redwood patio furniture group, with a family enjoying it at yet another location, a grassy lake-front lawn.

Mrs. B.—She Speaks Well For Bradlees

(Continued from page 113)

"institutional strip."

The strip, with a picture of Mrs. B., appears across the top of the page and her message usually relates to the merchandise featured on the page.

For example, a recent strip topping an outdoor furniture sale showed Mrs. B. on the phone, inferring a customer was on the line. Mrs. B. said: "My kind of yard sale. Just look at what's on sale this week to make your yard and patio, lawn and garden ready for outdoor living. . . . My down-to-earth prices will really help you out."

Last fall Bradlees also began using Mrs. B. more heavily in point-of-purchase displays. This includes large full-color photo posters hung from the ceiling and depicting Mrs. B. in a current theme ad: in an arbor of flowers for Mother's Day.

The chain's use of Mrs. B. to create a dialog with customers has evidently worked so well that Mrs. B. recieves mail from customers. Bradlees' intends to take advantage of these letters by using them in future institutional strips.

"We're going to start using these letters to create a column for Mrs. B. in the strips. They will include the customer's letter and Mrs. B's answer," said Gelfand.

Bradlees has other plans for Mrs. B. She has been on radio, TV and in print. Her picture and her voice are omnipresent at Bradlees. All that's been missing is Mrs. B. herself.

Bradlees intends to change that. Mrs. B. is an actress with a busy schedule (Bradlees conceals her identity). She will begin making personal appearances at the stores. The chain is currently planning Mrs. B.'s debut at Bradlees' opening in the Richmond market in August.

Fred Meyer Top Single-Market, Local-TV Spender

(Continued from page 116)

done in either of those markets. At that time, the chain established a goal of reaching 250 Gross Rating Points, in its big-city markets of Dallas, St. Louis and Kansas City.

Having reached this goal, McNitt characterized the 1981 increases as "normal growth in advertising as a percentage of sales."

In 1980 none of the Boston chains made it to the top 15 list.

The 1981 list is different and shows Lechmere, Marshalls and Bradlees virtually neck-and-neck in TV spending in that market. All three chains chalked up big increases in 1981. Bradlees increased its TV budget by 77%; Lechmere by 69%, and Marshalls by 43%.

Increased Advertising

Fred Gelfand, vice president, director of advertising, for Bradlees, said the chain has been increasing its use of broadcast media in all markets. But the big jump in TV spending in Boston was a direct result of the campaign staged after the renovation of the Boston stores.

Missing from the 1981 top 15 list is Target in the Minneapolis, Denver and Dallas markets. In those markets in 1980, Target ranked 10, 11 and 12. The 1980 spending which put Target on the chart was attributed to its support of new store openings in Denver and Dallas. In Minneapolis the big 1980 TV budget was due to a local newspaper strike.

Gemco/Memco Prototype

(Continued from page 85)

creased for the year ended Jan. 31, 1982, Gemco/Memco increased sales but declined in pretax earnings.

Lucky sales were up 11% for the year, to $7.2 billion from the year before's $6.5 billion. Net earnings grew by 6%, to $95.5 million.

Sales at Gemco/Memco grew by 12.3% for the year, to $1.87 billion from $1.67 billion the year before. In the fourth quarter, sales grew by 14.3%.

Earnings (pretax) at Gemco/Memco remained virtually static during the fourth quarter last year, at $23.2 million compared to $23.4 million the year before. For the entire year, pretax earnings fell nearly 25%. Pretax earnings dropped from $41.7 million for the year ended January 1981, to $31.4 million for the year ended January 1982, a 24.7% decline.

The 85 Gemco/Memco stores represent 30% of total corporate volume, and 19% of pretax earnings at Lucky.

Target Is Adding Three States in 1982

(Continued from page 81)

tucky and Illinois in late July. With the remakes complete, greater profitability is expected from the Ayr-Way takeovers this year.

Andres said companywide inventories were higher than planned at the close of the fiscal year, though "part of the increase is due to a build-up of basic inventory items to stock 40 former Ayr-Way stores converted to Target stores during the year."

Target contributed 41.6% of Dayton Hudson's volume in 1981.

Executive changes during 1981 included the elevation of Gerald Kanter late in the year from senior vp and gmm of soft lines to executive vp of marketing. B. Robert Floum and Gilbert Wachsman were each given the title of senior vp, gmm. Floum will oversee soft lines, while Wachsman will be responsible for electronics, sporting goods, hardware and automotive.

Sonja Larsen was made a senior vp, advertising and sales promotion.

The changes were made in the wake of a senior executive exodus to Montgomery Ward and Jefferson/Ward. Stephen Pistner, former Dayton Hudson president, has taken over the chairman's office at Ward.

In one of its merchandising changes made over the past year, Target pulled the pharmacy operations out of 44 of its stores due to lack of customer use. It continues to operate the departments in its hometown.

K mart Raises Ad Outlay

(Continued from page 114)

the top local television advertisers, spending some $22.8 million, according to figures developed by the Television Bureau of Advertising (TvB). This was an increase of 27% from local television spending the year before of $17.9 million, and more than doubled local TV expenditures by Sears in 1981. Sears spent $11.1 million in local TV advertising in 1981, according to the TvB figures.

Advertising Upped

In network television, K mart spent $11.8 million during 1981, compared to only $5.1 million the year before, an increase of 131%. Sears, in comparison, spent $73.2 million on network ads in 1981, according to the TvB. The totals don't include all co-op advertising, which is often credited to the manufacturer.

K mart's total 1981 TV expenditures were $34.2 million, according to TvB records. This represented a 51% increase from year-before spending of $22.6 million.

Fisher to Give PAC's Goals

SAN DIEGO—Jamesway chairman Herb Fisher, chairman of NMRI's political action committee (PAC), will give a presentation of the group's goals for the 1982 elections on May 17 at the convention.

The committee raised over $16,000 for the 1980 elections and contributed to 25 individual candidates.

Woolco Will Get Own Buyers, Management

(Continued from page 79)

worth corporate volume was ahead a scant 0.6% in February. Domestic sales gained 1.4% in March.

Commenting on ongoing programs at Woolco, Allbright said subleasing space in oversize stores, which has reduced floor space by some 20% to 25% in those stores, has not affected total sales. "Rather, sales per square foot have increased in those stores," he said.

Allbright also said Woolco's newest prototype design, pioneered in East Brunswick, N.J., has been a success. The New Jersey unit has achieved sales increases in excess of 20% during the past seven months, and four other stores opened in that format outperform other Woolco units.

Companywide, F. W. Woolworth is redeploying its assets to emphasize growth of its specialty stores. They accounted for 23% of capital expenditures in 1977, 34% in 1981, and will be 40% by 1985. The specialty stores, which include Kinney shoe stores, Footlocker sportswear and J. Brannam apparel stores, produced 19% of the company's volume in 1981 but 27% of its operating profit.

Specialty store sales increased 13% in 1981, compared to general merchandise sales which fell 1%.

ADG's Net Hoisted by Caldor

(Continued from page 85)

Lindsay and Curr department store division, will report to Bennett, who remains as chairman and ceo.

The acquisition hasn't hampered Caldor's store expansion plans.

The chain clocked a record 11 openings in 1981, and plans to grow by 10 more units by year's end 1982.

The chain entered New Jersey for the first time last year, opening in four former Korvettes sites in Paramus, Watchung, West Orange and Woodbridge. The Paramus store set a new track record for the largest grand opening in the company's history, according to chain reports.

Advertising/Promotion

NMRI

Television Advertising by the "Big Four"

Chain	1980 Network	1980 Local Spot	1980 Total	1981 Network	1981 Local Spot	1981 Total	% Change 1980-81 Total
Sears	$69,212,800	$13,780,800	$82,993,600	$73,204,700	$ 9,192,700	$82,993,600	– 0.7
Penney	18,579,100	10,868,400	29,447,500	25,555,900	10,311,700	35,867,600	+21.8
K mart	5,060,100	17,582,500	22,642,600	11,800,100	22,349,500	34,149,600	+50.8
Ward	484,300	23,322,500	23,806,800	121,800	20,612,200	20,734,000	–12.9

Source: Television Bureau of Advertising based on Broadcast Advertisers Reports' monitoring of 75 markets.
Note: Most co-op activity is credited to the manufacturer and not included in the above local data.

Four Biggies' TV Ad Budgets in 1981: K mart, Penney Up; Sears, Ward Down

NEW YORK—Four of the country's top retailers had totally different television advertising strategies last year, judging by the figures just issued by the Television Bureau of Advertising.

K mart and J. C. Penney increased their total TV ad budgets; Sears and Montgomery Ward both pulled back.

K mart, the country's top discount chain and second-largest retailer, increased its television advertising the most dramatically of the four. The $16.5 billion chain spent 50.8% more in 1981 than 1980. Its increases were substantial in both network and local spot ads.

K mart's $34.1 million in television expenditures represented 9% of its total 1981 advertising budget of $380 million. The total ad budget last year amounted to 2.33% of sales.

Sears, the country's largest retailer with sales of $27.4 billion last year, cut its total television advertising level. The dip was a small one, 0.7% compared to 1980.

A closer look at Sears' television advertising approach in 1981 shows the retailer skewed its spending toward network advertising, at the expense of local ads.

On the network side, Sears spent nearly $4 million more than in 1980. Its local spending was decreased by some $4.6 million.

Sears' total remained high enough to keep it among the country's top network TV advertisers. Sears did, in fact, rank No. 10 in 1981, just behind giant Lever Bros.

No. 3 in volume, Penney also ranked No. 3 in television advertising last year. The $11.9 billion retail chain spent 21.8% more on TV in 1981 for a total of $35.9 million.

Like Sears, Penney put the biggest part of that increase into network advertising. Penney's network increase amounted to close to $7 million., In local television ads, Penney's spending declined slightly, by $557,000.

Penney's better-than-$25 million in network advertising was high enough to keep it on the list of the country's top 100 network advertisers; Penney ranked No. 60.

Ward's television spending in 1981 dropped by 12.9% compared to 1980.

Top 15 Discount Chains In Local Spot TV Expenditures

Chain	1980	1981	% Change
Wal-Mart	$5,926,600	$7,327,300	+23.6
Target	5,029,200	6,313,600	+25.5
Zayre	3,566,100	4,821,300	+35.1
Gemco	4,148,600	4,337,800	+ 4.5
T.G. & Y.	3,083,000	4,115,400	+33.5
Hills	2,399,300	3,221,400	+34.2
FedMart	2,750,400	2,794,400	+ 1.5
Fred Meyer	1,828,300	2,637,900	+44.3
Venture	1,447,400	2,302,700	+59.0
Jefferson/Ward	1,173,700	2,185,800	+86.2
Zodys	1,455,800	2,103,000	+44.4
Richway	2,062,300	1,915,200	– 7.1
Meijer's	1,382,400	1,499,000	+ 8.4
Woolco	2,634,700	1,431,700	–45.6
Rose's	1,039,100	1,246,600	+20.0

Source: Television Bureau of Advertising based on Broadcast Advertisers Reports' monitoring of 75 markets.
Note: Most co-op activity is credited to the manufacturer and not included in the above local data.

Linage Soars In Newspapers

NEW YORK—The Newspaper Advertising Bureau just announced that advertising expenditures in newspapers reached $1.3 billion in January 1982.

This figure represented an increase of 15.2% over January 1981.

Retail advertising, the largest newspaper advertising category, showed a 13.8% increase, reaching $665.4 million.

National advertising, consistently the fastest-growing newspaper category for the past three years, led in percentage increases in January with a 34.6% gain to $252 million.

Those estimates of newspaper advertising expenditures are based on Media Records linage reports from 54 cities in addition to other data.

Kip®.
The orthodontic pacifier that's taking Nuk® apart.

Nuk is the best selling orthodontic pacifier. But it has a weakness:

As the caution on the back of the Nuk package points out, it should always be tested to be sure that the nipple portion doesn't separate.

Mothers and doctors don't always read packages. But they do read magazines like *American Baby* and *Pediatrics.* And in the coming months, they'll be seeing an ad that exposes Nuk's weakness. And points out Kip's strengths.

Kip is the new one-piece orthodontic pacifier from The First Years. Since it can't come apart, it's safer for babies.

Which leads us to one final thought:

If mothers are going to be turning to Kip, shouldn't you?

the first years®
201 products for children, designed by mothers.
© 1982 Kiddie Products, Inc., One Kiddie Drive, Avon, MA 02322, toll-free: 1-800-225-0382

One thing separates a Kip® from a Nuk®. A Kip can't separate.

A piece of a Nuk.

The Nuk Orthodontic Exerciser is a fine product. But as the Nuk people themselves warn on the back of their package, you should always test it to be sure that the nipple portion doesn't separate.

Another piece.

At The First Years, safety is a virtual obsession. (Our Mothers' Council wouldn't have it any other way.) So when we designed *our* orthodontic pacifier, we did things differently.

The Kip Orthodontic Pacifier. One-piece for safety, all-soft for comfort.

To make Kip totally safe, we made it in one piece. And safety is just one of its virtues.

Kip's super-soft vinyl stays soft. Without getting sticky the way latex can.

Catalog Showroom Census: Pp. 6-15

Specialty Discount Stores: P. 16

22-92894-62 11P90 D
10154994? P240750 DEC82
CONGRESSIONAL SOURCE INFO
SRI ACQUISITIONS
4520 EAST/WEST HIGHWAY
BETHESDA MD 20814

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

VOL. 21, NO. 11 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $2 a copy | MAY 31, 1982

Discounters Evaluate Increasing Requests For Philanthropy $$

Nationwide DSN Report

Hamstrung by the recession and Reagan Administration cutbacks, fund raisers representing a wide range of institutions and programs have been turning to discounters for money.

But the industry's philanthropic gestures are fueled directly by up to 5% of pretax earnings at chains or their parent companies—and the economy took its toll there, too, last year.

"Our giving is at the mercy of the profit cycle," said one chain executive, "and our company finished the year in the red."

While not everyone lost money last year, even those who were profitable expect their budgets to be strained by a wave of increased requests.

They say they either will have to turn more people away this year, or make smaller contributions to favored programs to stretch their budgets.

"There's no way the private sector is going to step in and replace what the Government has eliminated," said a spokesman at Bradlees' parent company, The Stop & Shop Companies.

The chain and its parent have not only been approached by new organizations, they've also been asked to support more traditional fund seekers in new

(Continued on page 33)

Reports Track Costs, Operating Income

(Add 000,000 to dollar figures.)

Chain	Sales* Last Fiscal Year	Sales* % Change From Prev. Fiscal Yr.	Costs* Last Fiscal Year	Cost as % of Sales* Last Fiscal Year	Cost as % of Sales* Prev. Fiscal Year	Cost as % of Sales* Five Years Ago	Operating Income* Last Fiscal Year	Operating Income* % Change From Prev. Fiscal Yr.	Operating Income* As % of Sales Last Fiscal Yr.
K mart	$16,527.0	+16.4	$16,400.0	99.2	97.9	95.6	$323.0	−36.0	2.0
Wal-Mart	2,445.0	+48.8	2,313.9	94.6	94.7	94.7	148.7	+49.8	6.1
Woolco	2,145.0	+ 5.8	N/A	N/A	N/A	N/A	(19.0)	(−)	(−)
Target	2,054.3	+34.1	N/A	N/A	N/A	N/A	108.7	+19.3	5.3
Zayre	1,797.1	+12.7	1,759.5	97.9	98.2	98.3	37.6	+29.7	2.1
Venture	611.5	+ 9.0	N/A	N/A	N/A	N/A	16.8	+41.2	2.8
Roses	594.8	+13.0	579.9	97.5	97.9	96.1	14.9	+33.9	2.5
Jamesway	296.2	+ 8.4	289.5	97.7	97.5	94.2	6.8	+ 1.8	2.3
Magic Mart	130.7	+ 7.1	132.6	101.5	103.7	98.8	(260.0)	(−)	(−)

**Corporate figures. ( ) Loss. N/A—Not available.* *Source: DSN research*

Cost = Cost of goods + selling, general and administrative (SGA) expenses + interest.

Discounters' annual reports revealed some success stories in keeping costs under control. But for industry leader K mart, costs as a percentage of sales increased to above the 99% mark.

K mart Tests Food/Fun Combo

ST. LOUIS—Abra K Dabra, and K mart has a new store.

Two, in fact: 14,000 sq. ft. experimental fast-food and family entertainment restaurants.

The stores will open in mid-June in closed supermarkets adjacent to K marts in Wood River, Ill., and Florissant, Mo. They will be similar to the combined fast-food and entertainment units operated by such chains as Pizza Time Theatre and Showbiz Pizza Place.

Sites for additional Abra K Dabras have already been selected, but expansion will depend on the success of the two test stores.

K mart feels there "is a growing trend to families dining out together and there is a need for food and entertainment restaurants that appeal to all ages," a company spokesman said. The units will be operated by K mart, not its Furr's Cafeteria division.

The combined units will offer fast foods, such as pizza, in one section of the store; another area will have arcade games and a stage that will show skits using computer controlled characters.

Wal-Mart's Cost-to-Sales Ratio Improves But K mart's Worsens

Nationwide DSN Report

A few chains like Wal-Mart and Zayre managed to trim the edge off costs to add to their profitability last year.

But, things were not so rosy elsewhere in the industry. Others, like giant K mart, found costs soaring.

In an analysis of chain's annual reports, *DSN* found K mart's costs now exceed 99% of sales.

The Troy, Mich.-based retailer, which opened 171 new units to build its base to 2,055 stores in 1981, saw costs increase 17.6% to $16.4 billion from $13.9 billion during the year. Costs as a percentage of K mart's $16.5 billion sales rose to 99.2% from 97.9%. At the same time, operating income, at $323 million, or 2.0% of sales, plummeted 36% from the previous year.

K mart's margins suffer. Separate story, p. 33.

Wal-Mart and Zayre did a much better job.

Wal-Mart, opening 69 new units and remodeling many of its 92 Kuhn's Big K takeovers, had costs increase 13.8% to $2.3 billion. But on a 40% increase in sales to $2.4 billion, costs as a percentage of sales decreased to 94.6% from 94.7%.

Wal-Mart also had a 49.8% increase in operating income, hitting $148 million, or 6.1% of sales.

Zayre, with $1.8 billion in sales, reduced costs to 97.9% of sales from 98.2%. Costs totaled $2.3 million for the 258-unit chain, an increase of 13.8% over the previous year's $1.5 million.

Zayre's performance came as the chain aggressively continued to remodel its stores, renovating 34 units during the year.

(Continued on page 33)

New Laws Spur Kids' Car Seat Boom

By MARILYN NEERMAN

While the entire juvenile furniture category is moving ahead, most discounters expect to make their biggest killing on safety.

Thanks to the spate of new child safety-seat laws already passed in nine states, and in the proposal stage in another 27, car seats have become the undisputed sales leader in the category. At retail prices of $40-$60, buyers are obviously not complaining.

Vito Dichiara, buyer for S. E. Nichols, described car-seat sales as "booming," particularly in the chain's New York stores.

With the New York State law mandating car seats for all children under four, effective April 1, 1982, Dichiara said he was hardly able to keep the goods in stock throughout the first quarter.

Joan Bortnick, buyer for cat-

(Continued on page 32)

Sales of $40-$50 car seats have been ignited nationwide thanks to a wave of safety regulations requiring their use. Here a customer picks one at Caldor, Milford, Conn.

DSN • DSN • DSN • DSN • DSN

Digest

May 31, 1982

CATALOG SHOWROOM CENSUS

• **The growth rate of the catalog showroom industry is projected** to slow down to 15% this year, producing $7.3 billion. (pp. 6-15)

HARDWARE

• **Discounters, No. 1 in total fan sales, eye a rising share in the** snowballing ceiling-fan market. (p. 17)

HOUSEWARES

• **Microwave cookware is generating mixed results as chains** search for a winning approach. (p. 21)

H&BA

• **Natural products are pepping up vitamin sales, as discounters** find consumers willing to go for higher price points. (p. 23)

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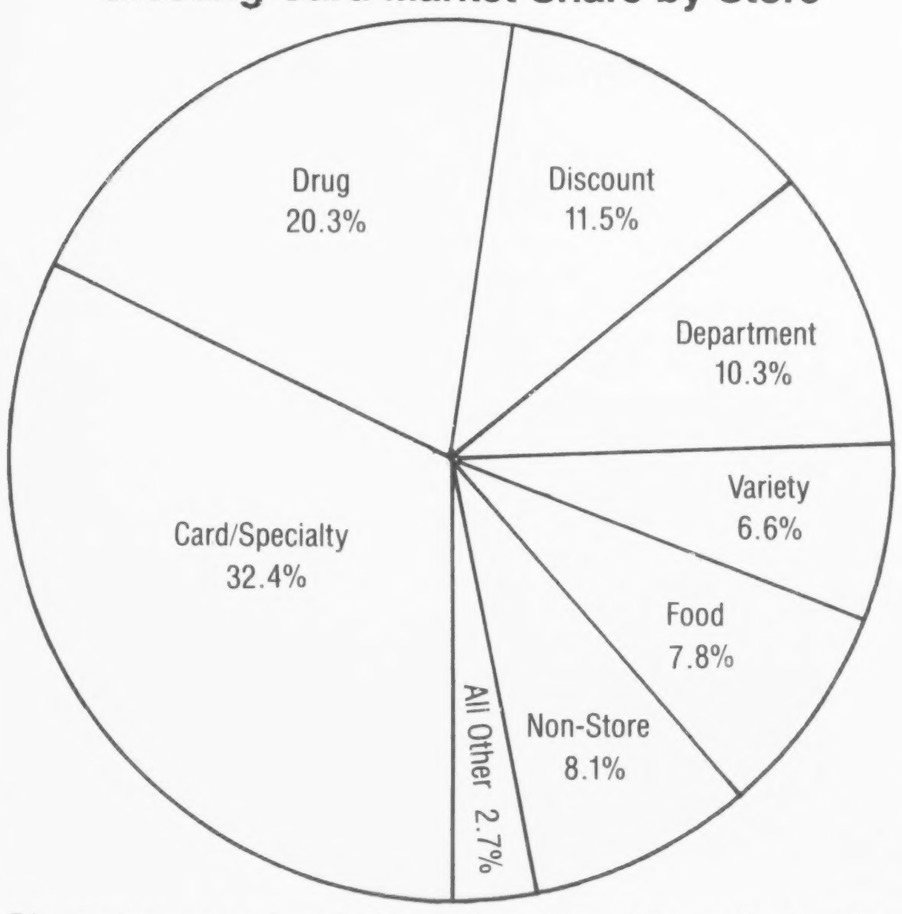
Greeting Card Market Share by Store



Discounters earned an 11.5% market share of the entire greeting card market in 1980.

**Source: National Association of Greeting Card Publishers, 1980. (Most recent figures available.)*

FTC: Phony Price-Saving Ads Shouldn't Get an Automatic KO

WASHINGTON—The Federal ground rules governing discount store price advertising practices will undergo a major shift if Congress approves new Reagan Administration proposed legislation redefining "unfair" and "deceptive" ads.

The proposal, outlined by Federal Trade Commission chairman James Miller III, would prohibit FTC regulators from filing false advertising charges against retailers that use questionable or even untrue reference prices in ads for sale merchandise.

Current FTC enforcement policy prohibits retailers from using phony reference prices on grounds such tactics deceive consumers by exaggerating the "savings" on sale merchandise.

In advocating legislation to effectively legalize these retail ad practices in the future, both Miller and FTC Consumer Protection Bureau director Timothy Muris argued the agency's enforcement should be limited to cases where deception produces material consumer injury.

The "fictitious pricing cases" which FTC "has most often pursued . . . against discounters" make it "more difficult for discount outlets to convey their advantages to consumers," Muris reasoned. By challenging these fictitious reference prices "the commission has surely not benefited consumers, and may have injured them," he said.

Significantly, the Reagan Administration's new attack on present FTC efforts to police discount store industry price ads is part of a much broader plan designed to sharply restrict the commission's overall advertising enforcement program.

The agency's authority over advertising practices stems from provisions of the Federal FTC Act prohibiting "unfair or deceptive acts or practices in commerce."

According to the Reaganites, FTC regulators appointed by previous Administrations have adopted an overly broad definition of what constitutes an unfair or deceptive practice, and as a result the agency has squandered its resources on questionable cases that should never have been prosecuted.

Their solution: legislation which would be binding on FTC officials appointed by future Administrations to force the agency to concentrate on clear-cut advertising violations.

In testifying before the Senate Commerce Committee, Miller argued "unavoidable consumer injury is, and should be, the crucial element in finding that an act or practice is unfair."

To impose this requirement on the agency, he asked Congress for a new statutory definition of unfair trade practices which would prevent FTC from taking action except in cases involving "substantial" and "unavoidable" harm to consumers. Even then, Miller maintained unfair advertising should go unchallenged by FTC unless the injury from these ads outweighs the potential benefits to consumers from such practices.

"The commission should be mindful a given act or practice may benefit some consumers while harming others. . . ."—*James Miller II, chairman, FTC*

"The commission should be mindful a given act or practice may benefit some consumers while harming others and not jump to the conclusion an act or practice is unlawful just because some harm is associated with it," he told Congress. "Moreover, the commission

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An Even Stronger 1982 Is In the (Greeting) Cards

DSN Market Outlook

Most discounters were greeted with 20%-or-better increases in greeting card sales in 1981.

An ill-timed Christmas postage hike of 33% took its toll on box card sales. Chains reported as much as 35% decreases in the category as consumers cut back on their card sending because of the higher costs. The effect was partially soothed, however, by increased counter card sales.

Throughout the first quarter, buyers have been pleased by brisker than normal sales of seasonal and everyday cards. That trend, in conjunction with reworked Christmas programs, will bring them a stronger performance in 1982, they believe.

To achieve better sales this year, discounters—who currently own an estimated 11.5% of the $2.4 billion greeting card market—are shifting orders from box cards to counter cards; trading up price points, and giving more emphasis to the growing contemporary/studio card segment of the market.

There is hope that consumer reaction to the postage increase will have been lessened by the next Christmas selling season.

"Everyday and seasonal counter sales have been better than average thus far this year," commented Woolco's buyer James Latimer. "Box cards were soft, but I don't think they will remain so. Because of the postage hike, box cards are in a similar position to what gasoline was a few years ago, when prices rose from 39¢ to $1.39 per gallon. . . . People eventually go back to their old

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Discount Patron More Sensitive to Apparel Imports

COLUMBIA, Mo.—Discount store shoppers, compared to their department store counterparts, are more likely to notice whether apparel is domestically or foreign-made.

The discount shopper is also more sensitive to the effect imports have on American jobs.

This is part of the consumer profile painted by Dr. Kitty Dickerson, associate professor and chairman of the department of clothing and textiles at the University of Missouri, in a recent interview with *Discount Store News*.

Dickerson's observations were made in conjunction with the release of her study of consumer views of import clothing. The study polled 1,350 United States consumers in a cross-section of communities, income levels and age groups.

The study was funded by the U.S. Department of Agriculture and the Virginia Polytechnic Institute, where Dickerson was a faculty member when the study was initiated.

Dickerson said the study found middle- and low-income consumers more frequently empathized with the United States apparel industry workers' plight, believing that the purchase of imports in the long run isn't a savings if it costs unemployment and manufacturer failure.

"Although discount shoppers didn't necessarily have a negative reaction to imported apparel's quality, they were more aware of their purchases being imports, and more concerned about the import issue."

Meanwhile, Dickerson said department store shoppers seemed unaware that expensive brand names were being produced in the same foreign countries and factories as non-branded imported apparel.

"We tend to think department store shoppers are more aware of their purchases, but our study indicated that they—unlike discount shoppers—put a great deal more faith into the store's selection of goods for them."

"Consumers are much more sophisticated in their attitudes about the import issue than was previously believed," Dickerson noted. "Part of the reason I did the study was because there were so many opinions about consumers' perceptions."

Dickerson noted while retailers and economists generally believe consumers view imports as less expensive than domestic-made clothing, consumers are also aware that retailers are taking higher markups on imported goods.

The study found that 59% of consumers surveyed said it was important to buy United

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Seeherman: Venture Solves Out-of-Stock Problem in Basics

Julian Seeherman, 53, has had a long career in retailing. He spent 23 years with Abraham & Straus, Federated's Brooklyn, N.Y., department store chain, working his way up the merchandising side of the corporate ladder to become executive vice president. In 1977 he joined the May Co. as president and ceo of its catalog showroom operation, Consumers Distributing, and when that division was sold off he moved over to May's discount operation, Venture Stores, as vice chairman. In February of this year, he was named president of the chain. DSN *recently interviewed Seeherman in his St. Louis office.*

DSN: In the past few years, there have been a couple of problem areas regularly mentioned in connection with Venture. One was out-of-stocks, the other was personnel turnover. Why was there so much turnover?

SEEHERMAN: We didn't have any Valentine's Day Massacre. I think there's turnover whenever there's a change in management. Each new person sets the standards by which to run the organization. When you set those parameters that's a signal to the people who are there that they have to change. If they're not willing or capable of changing they have to leave because they won't do well.

I think if there was a lot of turnover at Venture, it was because people decided they virtually were unable to function in an organization that asked things of them they were either unwilling or incapable of doing.

Ironically, in most businesses, you don't fire many people. I've never fired a lot of people. But people do understand that if they can't cope, they better leave because they won't do well.

DSN: The field response to the changes at headquarters appears to be very positive. Who did you bring in to make the store managers so happy? What kind of systems did they bring with them or create?

SEEHERMAN: I don't think it was new systems. I think people throughout the company started to understand how to use what we had better. I think now they're getting support for what's important.

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"I love to go to shows. . . . It's hard to lead people if they're talking about things you've never heard of or seen."—Julian Seeherman, president, Venture Stores. *(DSN photo)*

CATALOG SHOWROOM CENSUS

Economy Slows Catalogers' Growth Rate

The recession is slowing the growth of the catalog showroom industry.

The result is that the industry's fast-track growth will hit about $7.3 billion in sales this year, according to *DSN* estimates, vs. $6.3 billion in 1981.

Dominating the industry's growth this year will be the $6.1 billion generated by the top 44 chains (see chart), each of which are projected to have $15 million or more in volume in their current fiscal year. Last year they did $5.2 billion. In past years the total industry volume has grown at better than 20% annually, but the rate this year will be only 15%.

The 44 leading catalogers, which account for about 80% of the industry's total volume, will register an 18.5% gain in sales as they add a total of about 50 stores to end the year with just under 1,000.

The industry's slowed growth in the face of the current major recession is evident from the fewer companies and showrooms contained in the 1982 *Business Guides* listing of cataloger showrooms. That compilation has 317 companies with 1,583 showrooms, down from 356 firms and 1,597 units in the previous guide. (*DSN* uses *Business Guides* as its basic listing of the industry.)

The industry's troubles aren't different from the problems catalogers faced in the 1973-74 recession, according to a study now being completed by Lehman Brothers Kuhn Loeb.

That study covered 1,478 showrooms in 1981, an 8.9% increase in units from 1,356. It projected sales from those stores were $6,339,000,000, up 15% from $5,512,000,000 in 1980.

In 1973, the study noted, industry volume went up 48% as the number of stores increased 45%—both jumps reflecting the boom years of the early 1970's. But, in 1974 the gain in sales slid to 29% as unit growth increased only 22%. The following year there was only a 7.3% boost in store count as new showroom commitments had been made during the 1973-74 recession.

The other key criterion noted in the study was per-showroom volume gains. On that measurement, the 1973 figure was only a 3.1% increase, while the next year per-showroom volume was flat.

The current recession's impact is evident in a number of statistics.

The projected 997 showrooms the 44 chains will have at the end of the year represent a net gain of only 36 units from the 961 at the start of 1982 as the 53 new stores scheduled to be opened will be offset by 17 closings at just two chains—Century, which shut 11 earlier this year, and Naum which will be locking six.

The 1982 fiscal year sales for those two catalogers include volume from the closed showrooms—and a similar situation applies to a number of other operators such as Sam Solomon which shut showrooms at some point during 1981 and still includes sales from those units in the total volume.

The leading catalogers have also been impacted, with the projected sales for the top 10 publicly held chains showing a 13% increase this year. Those companies averaged more than 25% increases during the 1975-80 period.

Chain projections indicate four of the 10 will post a decline—or have flat sales at best—this year, and two troubled companies—Basco and Sam Solomon—at presstime were due to be acquired by Best Products and Service Merchandise, respectively.

A number of the top 44 ended their fiscal year with volume figures under the gains projected by trade observers. Consumers Distributing (United States), for example, was flat, while Modern Merchandising's showroom division fell behind projections, partly due to the sale of the Standard Sales operation in Florida to H. J. Wilson.

Looking ahead, industry executives admit that sales gains being projected for this year hinge on the recession bottoming out and an upturn starting by the last quarter, the period when catalogers produce as much as 40% of their sales.

$6.1 Billion Year Is Projected For 44 Top Catalogers

Chain (Hq. and coordinator)	Showroom $ sales (millions): Estimated current fiscal year	Showroom $ sales (millions): Last completed fiscal year	$ Net profit (millions) last fiscal year	Showrooms: As of Jan. 1 1982	Showrooms: As of July 1 1982	Showrooms: As of Dec. 31 1982	Showrooms: To Be opened in 1983
Best Products (Va.)[A] (Creative)	1,280	772.7	20.5	100	100	103	3
Service Merchandise (Tenn.)[B] (Independent)	1,202	1,027.0	23.1	116	121	126	8
Modern Merchandising (Minn.)[C] (Creative)	730	681.8	23.8	71	72	76	4
H. J. Wilson (La.) (Independent)	490	402.9	12.7	70	72	77	5
Carlson Cos. (Iowa)[D] (Creative)	320	320.0	N.A.	77	77	71	0
Consumers Distributing (N.J.)[E] (Independent)	270	252.0	(1.3)	100	100	107	5
Gordon Jewelers (Tex.)[C] (Independent)	145	132.7	15.9	44	45	48	3
W. Bell (Md.) (Independent)	134	107.0	2.4	15	15	18	3
Basco (N.J.) (Creative)	132	130.7	(3.7)	19	19	19	0
Jewelcor (Pa.) (Jewelcor)	131	131.0	N.A.	26	26	26	0
Century (N.Y.) (Independent)	116	121.0	N.A.	55	44	44	0
L. Luria & Son (Fla.) (Mutual)	108	90.5	3.2	21	21	26	3
McDade & Co. (Ill.) (MAI)	97	95.0	N.A.	7	7	8	1
Sterling Jewelers (Tex.) (Paul Schultz)	75	70.0	N.A.	5	5	5	0
David Weis (Pa.) (MAI)	65	54.0	N.A.	9	9	10	2
Ellman's (Ga.) (Independent)	64	61.0	N.A.	7	7	7	1
Sam Solomon (S.C.) (MAI)	60	88.0	(N.A.)	7	7	7	0
O. G. Wilson (Tex.) (Paul Schultz)	57	55.0	N.A.	18	18	18	1
K's Merch. Mart (Ill.) (Creative)	55	50.0	N.A.	6	6	6	2
Brendles (N.C.) (MAI)	52	49.0	N.A.	13	13	14	1
E. H. Tepe (Ind.) (Creative)	44	42.0	N.A.	9	9	9	1
Dahlkemper's (Pa.) (Creative)	33	30.0	N.A.	6	6	6	1
Goldbro (Ala.) (Charter)	30	27.0	N.A.	5	5	5	0
Towers (N.J.) (Creative)	30	28.0	N.A.	7	7	8	1
Masters (Fla.) (Jewelcor)	28	26.5	N.A.	26	26	26	2
Alexander's (S.C.) (Charter)	26	21.0	N.A.	5	5	6	1
Fred Gattas (Tenn.) (MAI)	25	21.5	N.A.	5	6	6	1
Evans (Md.) (MAI)	25	22.0	N.A.	4	4	4	0
Key Distributors (Ga.) (Creative)	25	23.0	N.A.	8	8	8	1
Boardman's (N.Y.) (Independent)	24	22.5	N.A.	15	15	15	0
A. J. Foland (Mich.) (American)	23	21.0	N.A.	5	5	6	0
Hartman's (Calif.) (Independent)	22	20.0	N.A.	10	10	12	2
Present (N.Y.) (MAI)	22	20.0	N.A.	8	8	8	2
R&R (Mass.) (American)	22	21.0	N.A.	7	7	7	1
Brand Names (N.Y.) (Independent)	215	21.0	N.A.	12	12	12	0
Segall & Son (Ga.) (American)	20	18.0	N.A.	5	5	6	2
Arthur's (N.J.) (MAI)	17	15.0	N.A.	5	5	5	0
Top Brands (Mo.) (Paul Schultz)	16	15.0	N.A.	4	4	4	0
Wilkor (Fla.) (MAI)	16	15.0	N.A.	4	4	5	0
Witmark (Mich.) (Mutual)	15	14.0	N.A.	5	5	6	0
Wilbro (Ala.) (Charter)	15	14.0	N.A.	4	4	4	0
Wes Freedman (Pa.) (Charter)	15	14.0	N.A.	5	5	5	0
Jewel Mart (Ohio) (Paul Schultz)	15	14.0	N.A.	3	3	4	0
Value House (N.M.) (Mutual)	15	14.0	N.A.	4	4	4	0

Some figures are DSN estimates ( )—loss; N.A.—Not available

A—Doesn't include Basco *B—Doesn't include Sam Solomon* *C—Showroom division sales, operating income only*

D—Combined results for 52 Ardan, 9 MacDonald and 16 Naum showrooms; 6 Naum to close *E—United States sales, operating loss only; in Canadian dollars*